

STATE OF MICHIGAN  
**DESCRIPTIONS OF SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2000

**GAME AND FISH PROTECTION FUND**

Established in 1921, this fund operates under Part 435 of P.A. 451 of 1994, as amended, and is financed principally by the sale of hunting and fishing licenses. The license fees are set by statute and their purpose is to support the conservation program for preservation and control of fish and wildlife. The fund also receives funding from the investment earnings of the Game and Fish Protection Trust Fund. The fund provides financial support for state-wide hunting and fishing programs, including resource management, research, enforcement of hunting and fishing laws, and acquisition of lands to be used for hunting and fishing purposes.

**MICHIGAN STATE WATERWAYS FUND**

Established in 1947, this fund operates under Part 781 of P.A. 451 of 1994, as amended. It receives portions of watercraft registration fees and gasoline taxes, some of which are collected by other State agencies and transferred to this fund. The fund provides for improvement of lake harbors and inland waterways, construction, operation, and maintenance of recreational boating facilities, property acquisition, and administration.

**MARINE SAFETY FUND**

Established in 1967, this fund operates under Part 801 of P.A. 451 of 1994, as amended. The fund is financed principally by 49% of watercraft registration fees imposed by this act. The fund provides for water safety education programs, law enforcement, and regulation of watercraft on the waters of this State.

**GAME AND FISH PROTECTION TRUST FUND**

This fund was established in 1986 and operates under Part 437 of P.A. 451 of 1994, as amended, to restrict certain assets for the purpose of generating interest and earnings for transfer to the Game and Fish Protection Fund each year. Additional investment funding is being provided by mineral royalties from lands acquired by the Game and Fish Protection Fund, direct sale proceeds, and other revenues, which, by statute, are retained for permanent investment.

**STATE PARK IMPROVEMENT FUND**

This fund was established in 1960 and operates under Part 741 of P.A. 451 of 1994, as amended. It is primarily financed by State park use and concession fees and motor vehicle permit fees necessary for entry by motor vehicles into designated State parks. These fees are the primary funding source for the operation, maintenance, and improvements of the State Park system.

**COMBINED RECREATION BOND FUND - LOCAL PROJECTS**

This fund was established in 1988 and operates under Parts 196 and 715 of P.A. 451 of 1994, as amended. The balances remaining in this fund reflect proceeds and investment earnings remaining from two bond packages: \$70 million of general obligation bonds approved by voters in November, 1988 as part of a \$140 million bond package for financing state and local public recreation projects, and \$50 million of general obligation bonds approved by voters in November of 1998 as part of a \$675 million bond package known as the "Clean Michigan Initiative." The proceeds from the bond package approved in 1988 are being used to provide grants and loans to local units of government in the amounts of \$65 million by local recreation projects and \$5 million by discouraging development of open space and underdeveloped lands. The proceeds from the bond package approved in 1998 are being used to provide grants to local units of government for local recreation projects pursuant to part 716 of P.A. 451 of 1994.

**COMBINED ENVIRONMENTAL PROTECTION BOND FUND**

This fund, which is administered by the Department of Environmental Quality, was established by P.A. 328 of 1988 to account for the proceeds of \$660 million of general obligation bonds approved by Michigan voters in November, 1988. This approval was obtained under the general authority of Article 9, Section 15, of the 1963 State Constitution. The bonds are authorized for financing environmental protection programs to clean up sites of toxic and other environmental contamination and contribute to a regional Great Lakes Protection Fund; address solid waste problems, treat sewage and other water quality problems; and reuse industrial sites and preserve open space. Public Act 328 of 1988 also specifies that not more than \$425 million of the proceeds of these bonds be available to clean up sites of toxic and other environmental contamination; not more than \$150 million be available for solid waste projects; not more than \$60 million be available to capitalize the State Water Pollution Control Loan Fund (recorded as equity transfers to the Michigan Municipal Bond Authority); and not more than \$25 million be available to fund Michigan's participation in a regional Great Lakes Protection Fund.

Public Act 284 of 1998 expanded this fund to account for the proceeds of \$570 million of general obligation bonds approved by Michigan voters in November, 1998. Public Act 288 of 1998 directs that not more than \$335 million can be used for environmental response activities; not more than \$50 million for waterfront improvements; not more than \$25 million for remediation of contaminated lake and river sediments; not more than \$50 million for nonpoint source pollution prevention and control projects or wellhead protection projects; not more than \$90 million for water quality monitoring and water resources protection and pollution control activities; and not more than \$20 million is to be used for pollution prevention programs.

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**MICHIGAN NATURAL RESOURCES TRUST FUND**

The State Constitution was amended in 1984 to provide for a "Michigan Natural Resources Trust Fund" which was implemented in 1985. This fund operates under Part 19 of P.A. 451 of 1994, as amended. Most rentals, royalties, and other revenues derived from mineral, coal, oil, and gas interests on State-owned land are credited to the fund. Public Act 451 of 1994 redirected a portion (\$10 million per year) of these revenues, previously committed to this fund, to the Michigan State Parks Endowment Fund.

In accordance with statutory provisions, this fund is to accumulate up to \$400 million in reserves for permanent investments. The amount accumulated toward the cap is shown as a reservation of fund balance. Earnings on investments and one-third of royalty earnings are available for appropriation. Two-thirds of royalty earnings are added to amounts held for permanent investments until the investment reserve reaches \$200 million. After that time, all royalties are restricted for investment and only interest is available to appropriate. Appropriations are used to fund grants to local units of government as well as State agencies to acquire or develop outdoor public recreation facilities.

**MICHIGAN STATE PARKS ENDOWMENT FUND**

This fund was established in 1994 and operates under Part 741 of P.A. 451 of 1994, as amended, to finance operations, maintenance, and capital improvements at Michigan State parks. The fund was established with a \$40 million equity transfer from the sale of the Accident Fund of Michigan to provide funds for permanent investment. By statute, up to \$10 million per year of revenues from oil and gas bonuses, rentals, and royalties from State-owned land are to be deposited in this fund until its accumulated principal reaches \$400 million. The fund's investment reserve will be capped at \$800 million. The legislature is limited to appropriating no more than \$5 million, adjusted for inflation, each year from the fund until the cap is attained. When the fund's reserve reaches \$800 million, only the interest and earnings in excess of the amount needed to maintain the \$800 million principal limit may be expended.

**MICHIGAN NONGAME FISH AND WILDLIFE FUND**

Established in 1983, the fund operates under Part 439 of P.A. 451 of 1994, as amended. Fund revenues are used to finance research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this State. During fiscal year 1999-2000 the fund received an operating transfer from the General Fund of \$2.4 million for the purpose of reaching the \$6 million level for funds held for investment. As a result, statutory authority for the State income tax check-off, which provided revenue for this fund, expired and will no longer be available in future years. The fund may receive transfers from other funds, donations, investment income, and revenue from specialty license plate sales, beginning in calendar year 2001.

**MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND**

This fund was established by P.A. 394 of 1994, as amended. The Michigan Civilian Conservation Corps was established for the purpose of conserving, improving, and developing the State's natural resources, and for enhancing, preserving, and maintaining public lands and waters through the employment of residents of this State in work training programs.

The fund's permanent investment reserve was provided by \$20 million earmarked from the sale of the Accident Fund of Michigan. Only the interest and earnings of the fund can be expended.

**FOREST DEVELOPMENT FUND**

This fund was established in 1993, along with the Michigan Forest Finance Authority, and operates under Part 505 of P.A. 451 of 1994, as amended. The Authority is authorized to acquire: standing timber, timber cutting rights, and the State's interest in contracts granting cutting rights on State tax reverted lands and on other lands in the State forest system. Revenues are derived from the sale of forest products, and would be pledged to provide debt service on any bonds or notes that might be issued by the authority. Revenues not used for debt service are major funding sources for the Forest Management Division and are used for forest management operations and practices. The Authority may, but thus far has not issued bonds.

**MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND**

The Michigan Underground Storage Tank Financial Assurance Fund (MUSTFA) was established by P.A. 518 of 1988 to assist certain owners and operators of underground storage tank systems in meeting their financial responsibility requirements provided for in the Solid Waste Disposal Act. It is administered by the Department of Environmental Quality and an eleven member advisory board.

The primary source of revenues is an environmental protection regulatory fee of 7/8 cent per gallon imposed on all refined petroleum products sold for resale. Expenditures are primarily amounts spent to assist in environmental cleanup. Public Acts 252 and 269 of 1995 limit the fund's liability for claims to those billings received by June 29, 1995. The State's liability for environmental cleanup claims is further limited by law to the amount of available resources. Liabilities for unpaid eligible environmental cleanup claims in excess of available funds will be paid from future years' revenues, and are recorded as a liability in the General Long-Term Obligations Account Group.

**MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY**

The Michigan Underground Storage Tank Financial Assurance Finance Authority was created by P.A. 132 of 1993 to provide financing for the activities of the Michigan Underground Storage Tank Financial Assurance Fund, including short or long-term debt instruments. The Authority is governed by a five member board of directors.

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**BOTTLE DEPOSITS FUND**

This fund was created by P.A. 384 of 1996 to provide for the disposition of unredeemed bottle deposits. The fund is jointly administered by the Department of Treasury and the Department of Environmental Quality. The law mandates that an annual distribution of the funds will be made as follows: 25% returned to the dealers and 75% to fund several sub-funds.

The 75% distribution to the Department of Environmental Quality is initially deposited into the Cleanup and Redevelopment Trust Sub-Fund (CRTF), and if not further distributed, remains there until the principal amount reaches \$200 million. Of funds received annually by the CRTF, 80% is allocated to the Cleanup and Redevelopment Sub-Fund (CRF) and 10% to the Community Pollution Prevention Sub-Fund (CPPF).

Public Act 380 of 1996 moved the former Environmental Response Fund (ERF) to a sub-fund of the CRF. The law mandates that proceeds of all cost recovery actions taken and settlements entered into pursuant to the ERF (excluding natural resource damages) by the department or the Attorney General, or both, shall be credited to the ERF.